Exhibit No.___(SCH-16)
Docket UE-130043
Witness: Samuel C. Hadaway

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant,	Docket UE-130043
v.	
PACIFICORP d/b/a Pacific Power & Light Company	
Respondent.	

PACIFICORP

EXHIBIT OF SAMUEL C. HADAWAY

Risk Premium Analysis

August 2, 2013

PacifiCorp

Risk Premium Analysis-Electric (Based on Projected Interest Rates)

	•	r Tojected Interest Nates)	,
	MOODY'S AVERAGE	AUTHORIZED	INDICATED
	PUBLIC UTILITY	ELECTRIC	RISK
	BOND YIELD (1)	RETURNS (2)	PREMIUM
1980		14.23%	1.08%
1981		15.22%	-0.40%
1982		15.78%	0.45%
1983	13.31%	15.36%	2.05%
1984	14.03%	15.32%	1.29%
1985	12.29%	15.20%	2.91%
1986	9.46%	13.93%	4.47%
1987	9.98%	12.99%	3.01%
1988	10.45%	12.79%	2.34%
1989		12.97%	3.31%
1990		12.70%	2.94%
1991		12.55%	3.34%
1992		12.09%	3.52%
1993		11.41%	3.85%
1994		11.34%	3.04%
1994		11.55%	3.64%
1996		11.39%	3.65%
1997		11.40%	3.77%
1998		11.66%	4.66%
1999		10.77%	3.22%
2000		11.43%	3.29%
2001		11.09%	3.37%
2002	7.53%	11.16%	3.63%
2003	6.61%	10.97%	4.36%
2004	6.20%	10.75%	4.55%
2005	5.67%	10.54%	4.87%
2006	6.08%	10.36%	4.28%
2007	6.11%	10.36%	4.25%
2008	6.65%	10.46%	3.81%
2009	6.28%	10.48%	4.20%
2010		10.34%	4.79%
2011		10.29%	5.16%
2012		10.17%	5.90%
AVERAGE		12.09%	3.41%
TVLITTOL	0.0070	12.0070	0.4170
INDICATED	COST OF EQUITY		
PROJECTE	D SINGLE-A UTILITY B	OND YIELD*	4.97%
	AVG ANNUAL YIELD DU		8.68%
	RATE DIFFERENCE		-3.71%
	TO THE BILL ENGL		0.1 170
INTEREST	RATE CHANGE COEFF	ICIENT	-42.81%
_	NT TO AVG RISK PRE	-	1.59%
/ LD COT IVIL	in 10700 MORTINE	VIIOW	1.0070
BASIC RISE	(PREMIUM		3.41%
	RATE ADJUSTMENT		1.59%
EQUITY R	5.00%		
PROJECTE	D SINGLE-A UTILITY B	OND YIELD*	4.97%
	EQUITY RETURN		9.97%

⁽¹⁾ Moody's Investors Service

The single-A spread is for 3 months ended June 2013 from Exhibit No.___(SCH-12), p. 1.

⁽²⁾ Regulatory Focus, Regulatory Research Associates, Inc.

 $^{{}^\}star \text{Projected single-A bond yield is 109 basis points over projected long-term Treasury bond rate of 3.88\%}.$

The projected Treasury bond rate is the 30 year rate at 12/31/2014 from Exhibit No.___(SCH-12), p. 3.

PacifiCorp

Risk Premium Analysis-Electric

(Based on Current 3-Month Average Interest Rates)

		-Month Average Interest I	≺ates)
M	OODY'S AVERAGE	AUTHORIZED	INDICATED
	PUBLIC UTILITY	ELECTRIC	RISK
	BOND YIELD (1)	RETURNS (2)	PREMIUM
1980	13.15%	14.23%	1.08%
1981	15.62%	15.22%	-0.40%
1982	15.33%	15.78%	0.45%
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1987	9.98%	12.99%	3.01%
1988	10.45%	12.79%	2.34%
1989	9.66%	12.97%	3.31%
1990	9.76%	12.70%	2.94%
1991	9.21%	12.75%	3.34%
1992	8.57%	12.09%	3.52%
1992			
	7.56%	11.41%	3.85%
1994	8.30%	11.34%	3.04%
1995	7.91%	11.55%	3.64%
1996	7.74%	11.39%	3.65%
1997	7.63%	11.40%	3.77%
1998	7.00%	11.66%	4.66%
1999	7.55%	10.77%	3.22%
2000	8.14%	11.43%	3.29%
2001	7.72%	11.09%	3.37%
2002	7.53%	11.16%	3.63%
2003	6.61%	10.97%	4.36%
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	OST OF EQUITY		
	IGLE-A UTILITY BOND	YIFI D*	4.23%
	ANNUAL YIELD DUF		8.68%
	TE DIFFERENCE	(1140 01001	-4.45%
INTERESTRA	TE DIFFERENCE		-4.45 /0
INITEDECT DA	TE CHANGE COEFFIC	PIENT	-42.81%
_	TO AVG RISK PREM		1.91%
ADUSTWENT	TO AVG KISK PREIVI	IOW	1.91%
BASIC RISK P	REMIUM		3.41%
INTEREST RA	ATE ADJUSTMENT		1.91%
EQUITY RISK PREMIUM			5.32%
CUDDENT ON		VIELD*	4.0007
	IGLE-A UTILITY BOND) YIELD*	4.23%
INDICATED EQUITY RETURN			9.55%

⁽¹⁾ Moody's Investors Service

⁽²⁾ Regulatory Focus, Regulatory Research Associates, Inc.

^{*}Current single-A utility bond yield is three month average of Moody's Single-A Public Utility Bond Yield Average through June 2013 from Exhibit No.___(SCH-12), p. 1.

INDICATED

PacifiCorp

Risk Premium Analysis-Electric

(Based on Current Spot Interest Rates)

MOODY'S AVERAGE AUTHORIZED

PUBLIC UTILITY ELECTRIC

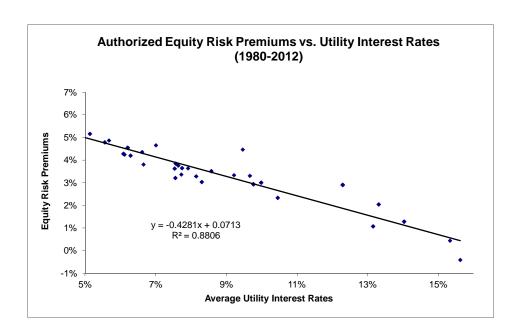
	PUBLIC UTILITY	ELECTRIC	RISK
	BOND YIELD (1)	RETURNS (2)	PREMIUM
1980	13.15%	14.23%	1.08%
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AVERAGE	8.68%	12.09%	3.41%
CURRENT SIN MOODY'S AVO	DST OF EQUITY GLE-A UTILITY BONG ANNUAL YIELD DUF TE DIFFERENCE		4.76% 8.68% -3.92%
MILILLOTINA	IL DII I LIXLINOL		-3.32/0
_	TE CHANGE COEFFI	-	<u>-42.81%</u> 1.68%
ADUSTIVIENT	IO AVG KIOK PREIVI	IUIVI	1.08%
BASIC RISK PI			3.41%
INTEREST RA	ATE ADJUSTMENT		1.68%
EQUITY RISK	5.09%		
	GLE-A UTILITY BONI	O YIELD*	4.76%
INDICATED EC	QUITY RETURN		9.85%

⁽¹⁾ Moody's Investors Service

⁽²⁾ Regulatory Focus, Regulatory Research Associates, Inc.

^{*}Current single-A utility bond yield is Moody's Single-A Public Utility Bond Yield at July 12, 2013 from Exhibit No.___(SCH-12), p. 2.

PacifiCorp
Risk Premium Analysis-Electric
Regression Analysis & Interest Rate Change Coefficient



SUMMARY OUTPUT

Regression Statistics					
Multiple R	0.938398087				
R Square	0.88059097				
Adjusted R Square	0.876739066				
Standard Error	0.00472491				
Observations	33				

ANOVA

	df	SS	MS	F	Significance F
Regression	1	0.005103707	0.005103707	228.6118562	7.45897E-16
Residual	31	0.000692068	2.23248E-05		
Total	32	0.005795775			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.07127957	0.002591562	27.50448302	2.42768E-23	0.065994045	0.076565095	0.065994045	0.076565095
X Variable 1	-0.428076736	0.028312111	-15.11991588	7.45897E-16	-0.485819666	-0.370333805	-0.485819666	-0.370333805